

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
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E.O. 11652: N/A  
TAGS: EGEN SOCI IR  
SUBJ: SHAH ANNOUNCED TWO NEW PRINCIPLES IN SHAH-PEOPLE  
REVOLUTION--(1) CEILING ON LAND PRICES AND (2)  
MANDATORY DISCLOSURE OF PERSONAL WEALTH BY CIVIL SERVANTS

1. THE SHAH ANNOUNCED ON AUGUST 17 TWO NEW PRINCIPLES  
OF THE SHAH-PEOPLE REVOLUTION, BRINGING TO NINETEEN  
THE NUMBER OF PRINCIPLES WHICH COMPRISE THE ONGOING  
"PEOPLE'S REVOLUTION" WHICH BEGAN IN 1962 AND IS GUIDED  
BY THE SHAH. PRINCIPLE NUMBER EIGHTEEN PROVIDES FOR  
A "FLEXIBLE" CEILING ON THE PRICE OF LAND LIMITING  
INCREASES IN LAND VALUES TO THE ANNUAL INFLATION RATE.  
PRINCIPLE NINETEEN REQUIRES SENIOR CIVIL SERVANTS TO  
DECLARE "ON SPECIFIED DATES" THEIR ASSETS AND THOSE OF  
THEIR SPOUSES AND DEPENDENT CHILDREN.

2. THE IMPERIAL EDICT ANNOUNCING THE EIGHTEENTH  
PRINCIPLE ASSERTS THAT INORDINATE LAND PRICE INCREASES  
IN RECENT YEARS HAVE TAKEN UNREASONABLE PORTIONS OF  
INCOMES THUS REQUIRING GOVERNMENT ACTION TO INSURE  
THAT "WITHIN THREE YEARS THE RISE OF LAND PRICES NEVER  
EXCEEDS THE YEARLY INFLATION RATE." THE EDICT NOTED  
THAT HOUSING HAS BECOME A MATTER OF SPECIAL IMPORTANCE  
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TO THE WELFARE OF THE IRANIAN PEOPLE AND THAT LAND  
PRICE INCREASES HAVE BEEN RESPONSIBLE FOR UNJUSTIFIED  
INCREASES IN THE COST OF HOUSES AND RENTS AS WELL AS  
CAUSING MALDISTRIBUTION OF INCOMES. THE EDICT CHARGES  
THE GOVERNMENT TO TAKE SPECIAL MEASURES, INCLUDING TAXA-  
TION AND THE USE OF STATE LAND FOR HOUSING CONSTRUCTION,  
TO ASSURE THAT LAND VALUES DO NOT EXCEED ANNUAL INFLATION

RATES. TO THIS END, SPECIAL LEGISLATIVE POWERS WILL BE SOUGHT BY THE GOVERNMENT.

3. THE IMPERIAL EDICT PROCLAIMING THE NINETEENTH PRINCIPLE, OBVIOUSLY AIMED AT THE MISUSE OF PUBLIC OFFICE FOR PRIVATE GAIN, REQUIRES SENIOR OFFICE HOLDERS TO DISCLOSE THEIR PERSONAL WEALTH AND THAT OF THEIR FAMILIES TO THAT OFFICE HOLDERS WILL NOT DERIVE PERSONAL GAIN FROM THEIR GOVERNMENT POSITIONS. OFFICE HOLDERS REQUIRED TO DECLARE THEIR ASSETS ARE LISTED AS: MINISTERS, GOVERNORS/GENERAL, SENIOR JUDGES, AMBASSADORS, DEPUTY MINISERS, DIRECTOR GENERALS OF GOVERNMENT DEPARTMENTS, DIRECTORS AND MANAGERS OF STATE CORPORATIONS AND AFFILIATES AND FIRST-CLASS MAYORS. WHEN DECLARED ASSETS CONSIST OF COMPANY OR BANK SHARES, THESE MUST BE CONVERTED INTO GOVERNMENT BONDS OR HELD IN TRUST DURING THE OFFICE-HOLDER'S TERM OF OFFICE. AS IN THE EIGHTEENTH PRINCIPLE, THE GOVERNMENT WILL SEEK NECESSARY LISLATIVE POWERS TO IMPLEMENT THE PRINCIPLE.

4. COMMENT: THE ANNOUNCEMENT OF THE 18TH AND 19TH PRINCIPLES RECEIVED FAIRLY FULL COVERAGE IN THE ENGLISH LANGUAGE PRESS, INCLUDING THE TEXTS OF THE IMPERIAL EDICTS, BUT HAS CAUSED COMPARATIVELY LITTLE STIR AMONG IRANIANS WITH WHOM WE HAVE SPOKEN. MOST OBSERVERS REGARD THE TWO NEW PRINCIPLES AS ESSENTIALLY A PUBLIC LIMITED OFFICIAL USE

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RELATIONS EFFORT WHICH WILL REQUIRE MUCH TIME, STUDY AND CAREFUL IMPLEMENTATION BEFORE ANYTHING REALLY CHANGES. THE RUN-UP IN LAND VALUES HAS, OF COURSE, BEEN SPECTACULAR IN IRAN OVER THE LAST DECADE OR SO AND PARTICULARLY SINCE THE EARLY 1970'S. WHILE THERE ARE SO-CALLED "OFFICIAL" PRICES FOR MOST KINDS OF PROPERTY, MOBODY PAYS ANY ATTENTION TO THESE. THE COMMON PRICTICE FOLLOWED IN THE SALE OF ANY PROPERTY IS TO GIVE A NOMINAL LOWER VALUE IN THE DOCUMENT SUBMITTED TO THE NOTARY PUBLIC FOR REGISTRATION. THE ACTUAL PRICE PAID BY THE BUYER TO THE SELLER IS RECORDED IN A PAPER RETAINED BY THE PARTIES BUT NEVER MADE A MATTER OF PUBLIC RECORD. MOST OBSERVERS ARE FIRMLY CONVINCED THAT THE IMMUTABLE LAW OF SUPPLY AND DEMAND WILL CONTINUE TO GOVERN AND THAT THE GOVERNMENT WILL BE ALMOST POWERLESS TO RESTRAIN FURTHER INFLATION IN LAND VALUES. IT IS TRUE THAT APARTMENT RENTS HAVE DECREASED SOMEWHAT IN RECENT MONTHS BUT THIS HAS BEEN DUE TO AN INCREASE ON THE SUPPLY SIDE OF THE EQUATION AND NOT TO ANY ENFORCEMENT OF GOVERNMENT REGULATIONS OR OR TO ANY SUDDEN ACQUISITION OF A SOCIAL CONSCIENCE BY IRANIAN LANDLORDS. AS REGARDS THE NENETEENTH PRINCIPLE, A WRITTEN DECLARATION OF

ASSETS ON FILE MIGHT RESTRAIN FORMS OF CORRUPTION INVOLVING THE MORE TRANSPARENT KINDS OF CONFLICT OF INTEREST, E.G. A MINISTERIAL AWARD OF A CONTRACT TO A COMPANY OWNED BY THE MINISTER. VIRTUALLY ALL IRANIANS, HOWEVER, HAVE BECOME CYNICAL TO CORRUPTION IN THEIR SOCIETY AND ARE INURED TO PRACTICES WHICH HAVE BEEN FOLLOWED FOR CENTURIES. MOST IRANIANS BELIEVE, WE THINK, THAT IF A GOVERNMENT OFFICE-HOLDER IS REALLY TEMPTED BY THE POSSIBILITY OF ILLEGAL GAINS, THEN HE WILL FIND A WAY NOTWITHSTANDING THE NINETENTH PRINCIPLE.

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